

Message Text

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ACTION AF-06

INFO OCT-01 NEA-10 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03

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TAGS: ENRG, BEXP, BMEP, EIND, NI

SUBJECT: U.S. FIRM PROPOSES "METHANE FUEL" PROJECT IN NIGERIA

REF: LAGOS 5682

1. BILLY W. CHRISMAN, PRESIDENT, NIGERGAS CORPORATION OF AMERICA, INC., P.O. BOX 20746, OKLAHOMA CITY, OKLAHOMA 73120, CALLED ON AMBASSADOR JUNE 28 TO BRIEF HIM ON NIGERGAS. ACCORDING TO CHRISMAN, NIGERGAS IS OKLAHOMA CORPORATION ORGANIZED 2-3 YEARS AGO TO PURSUE PROJECT IN NIGERIA. PRESENT PARTICIPANTS AND ASSOCIATES INCLUDE CLEARY PETROLEUM CORP. (SUBSIDIARY OF W. R. GRACE), BONRAY OIL COMPANY (WHOSE PRESIDENT IS RAYMOND H. HEFNER, JR.), L.O. WARD AND ASSOCIATES, VULCAN MANUFACTURING COMPANY (CINCINNATI, OHIO), COMMERCIAL SOLVENTS CORP. (SUBSIDIARY OF INTERNATIONAL MINERALS), CHRISMAN PERSONALLY, RAYMOND IGBABIKWE (PHONETIC SPELLING), AND SOME OTHER NIGERIAN INDIVIDUALS. CHRISMAN DESCRIBED HIMSELF AS AN INDEPENDENT OILMAN NOW WORKING ALMOST FULL-TIME FOR NIGERGAS. HE SAID VULCAN PROVIDES THE PROCESS FOR "METHANE FUEL" (SEE BELOW) AND THAT COMMERCIAL

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SOLVENTS HAS OPERATING EXPERIENCE AND WOULD BE THE OPERATORS

OF ANY PLANT IN NIGERIA.

2. CHRISMAN SAID HIS COMPANY'S INTEREST CENTERS ON THE PRODUCTION OF "METHANE FUEL," A MIXTURE OF METHANOL AND OTHER LIQUID ALCOHOLS, WHICH IS MADE BY A PATENTED PROCESS AND NOW VERY MUCH IN DEMAND BY ELECTRICAL GENERATING STATIONS IN THE UNITED STATES FOR USE AS BOILER OR TURBINE FUEL AND BY SOME GAS/COMPANIES WHICH COULD SUPPLY METHANE FUEL TO ELECTRICAL UTILITIES THUS FREE NATURAL GAS FOR OTHER CONSUMERS. METHANE FUEL CAN BE STORED IN ORDINARY TANKS AND TRANSPORTED BY OIL TANKERS. ITS PRODUCTION CONSUMES ALL COMPONENTS OF NATURAL GAS. BY-PRODUCTS CAN BE MINIMIZED OR MAXIMIZED AS NEEDED AND INCLUDE LIQUEFIED PETROLEUM GASES (PROPANE AND BUTANE) AND ANHYDROUS AMMONIA.

3. CHRISMAN SAID NIGERGAS HAS BEEN WORKING WITH FEDERAL MINISTRY OF INDUSTRIES AND NOT RPT NOT WITH MINISTRY OF MINES AND POWER. HE SHOWED AMBASSADOR COPY OF LETTER DATED 3-4 MONTHS AGO FROM MINISTRY OF INDUSTRIES EXPRESSING INTEREST IN NIGERGAS CONCEPT AND ENCOURAGING THE COMPANY TO ACCELERATE PREPARATION OF A COMPLETE PROPOSAL. ACCORDING TO CHRISMAN, NIGERGAS IS NOW PLANNING CAPITAL INVESTMENT OF \$531 MILLION. FMG WILL PROVIDE 60 PERCENT AND HAVE 60 PERCENT EQUITY. PROPOSED PLANT WOULD CONSUME 500 MILLION CUBIC FEET PER DAY OF GAS, AND PRODUCE ABOUT 70,000 BARRELS OF METHANE FUEL PER DAY. BUTANE (BUT NOT PROPANE) COULD BE SHIPPED DISSOLVED IN THE METHANE FUEL AND SEPARATED AT DESTINATION. NIGERGAS HAS ALSO PROPOSED PLANT TO PRODUCE ANHYDROUS AMMONIA, BUT FMG HAS INDICATED THAT IT PREFERENCES DIFFERENT TECHNICAL PARTNER FOR EACH PART OF THE TOTAL PETROCHEMICAL/FERTILIZER PROJECT. ACCORDING TO CHRISMAN, MINISTRY OF INDUSTRIES IS THINKING ABOUT ITS OWN GAS GATHERING SYSTEM, AND NIGERGAS HAS SAID IT MIGHT HELP.

4. CHRISMAN EXPRESSED OPTIMISM THAT MINISTRY OF INDUSTRIES WOULD ACCEPT THE NIGERGAS PROPOSAL. HE THOUGHT MAJOR COMPETITION WOULD COME FROM ICI AND SHELL CHEMICALS.

5. CHRISMAN SAID NIGERGAS TOLD GUADALUPE GAS PRODUCTS CORP. (REFTEL, PAR 7) IN 1973 THAT IT WOULD BE WILLING TO COOPERATE WITH LATTER'S LPG PROJECT, BUT THERE WAS NO DIRECT CONNECTION, LIMITED OFFICIAL USE

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AND GUADALUPE PROJECT IS NOW ABANDONED IN ANY EVENT. NIGERGAS CORPORATION OF AMERICA ALSO HAS NOTHING TO DO WITH NIGERGAS LIMITED OF ENUGU, BUT, ACCORDING TO CHRISMAN, THE SIMILARITY OF NAMES MAY REQUIRE THE AMERICAN COMPANY TO ADOPT A DIFFERENT NAME IF AND WHEN IT GOES AHEAD WITH THE METHANE FUEL PROJECT.

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